

**HUMAN SERVICES DEPARTMENT[441]****Adopted and Filed**

Pursuant to the authority of Iowa Code section 249A.4, the Department of Human Services amends Chapter 79, “Other Policies Relating to Providers of Medical and Remedial Care,” Iowa Administrative Code.

These amendments lower Medicaid reimbursement for drugs administered by a physician when the drugs are billed as a physician service with Healthcare Common Procedure Coding System (HCPCS) Level II “J” codes. A reduction of 2 percent below the reimbursement rates in effect on June 30, 2012, is mandated by 2012 Iowa Acts, Senate File 2336, section 12. The total amount of program savings for the fiscal year is estimated to be \$218,000, of which approximately \$88,000 is state funds. These savings are assumed in the Department’s appropriation for the state fiscal year beginning July 1, 2012.

This change will make reimbursement for physician-administered drugs more consistent with the current payment methodology for drugs supplied by pharmacies. This method of reimbursement will be an interim process until drug payment rates are based on a benchmark other than the average wholesale price published by Medi-Span. Physicians will continue to be paid for the administration of the drugs.

Notice of Intended Action for these amendments was published in the Iowa Administrative Bulletin as **ARC 0197C** on July 11, 2012, to allow for public comment. These amendments were also Adopted and Filed Emergency and published as **ARC 0196C** on the same date. The Department received no comments. These amendments are identical to those published under Notice of Intended Action and Adopted and Filed Emergency.

The Council on Human Services adopted these amendments on September 12, 2012.

These amendments do not provide for waivers in specified situations because the legislative mandate does not provide for waivers and because the savings assumed in the Department’s appropriation would not be realized if waivers were granted. Requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 249A.4 and 2011 Iowa Acts, chapter 129, section 122, as amended by 2012 Iowa Acts, Senate File 2336, section 12.

These amendments will become effective December 1, 2012, at which time the Adopted and Filed Emergency amendments are hereby rescinded.

The following amendments are adopted.

ITEM 1. Amend subrule **79.1(2)**, provider category “Physicians (doctors of medicine or osteopathy),” as follows:

Provider category	Basis of reimbursement	Upper limit
Physicians (doctors of medicine or osteopathy)	Fee schedule. See 79.1(7) “a”	Fee schedule in effect 11/30/09 less 5%.
Anesthesia services	Fee schedule	Fee schedule in effect 11/30/09 less 5%.
<u>Physician-administered drugs</u>	<u>Fee schedule</u>	<u>Fee schedule in effect 6/30/12</u> <u>less 2%.</u>

ITEM 2. Adopt the following **new** paragraph **79.1(8)“k”**:

*k.* Payment to physicians for physician-administered drugs billed with Healthcare Common Procedure Coding System (HCPCS) Level II “J” codes, as a physician service, shall be pursuant to physician payment policy under subrule 79.1(2).

[Filed 9/12/12, effective 12/1/12]

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EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 10/3/12.